

Message Text

LIMITED OFFICIAL USE

PAGE 01 ISLAMA 00544 170842Z

44

ACTION NEA-10

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /090 W

----- 018981

R 170805Z JAN 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 3693

INFO AMEMBASSY NEW DELHI

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMCONSUL LAHORE

AMCONSUL KARACHI

LIMITED OFFICIAL USE ISLAMABAD 0544

E.O. 11652: N/A

TAGS: ETRC, IN, PK,

SUBJECT: PAKISTAN TO BUY IRON AND BIDI LEAVES FROM INDIA

REF: 75 ISLAMABAD 11685, AND PREVIOUS,

SUMMARY: ON JANUARY 14, A TRADE AGREEMENT WAS SIGNED IN KARACHI UNDER WHICH PAKISTAN WILL BUY FROM INDIA 5,000 TONS OF PIG IRON AND 250 TONS OF BIDI LEAVES. THE VALUE OF THESE PURCHASES WAS NOT PUBLICLY DISCLOSED BUT MFA OFFICIALS TOLD EMBOFFS IT CAME TO ABOUT THREE-QUARTERS OF A MILLION DOLLARS, MUCH SMALLER THAN THE VALUE OF THE EARLIER INDIAN PURCHASE OF PAKISTANI RAW COTTON WORTH ABOUT \$20 MILLION. THIS APPEARS TO BE THE FIRST PAKISTAN PURCHASE OF INDIAN GOODS IN TEN YEARS TIME. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ISLAMA 00544 170842Z

1. FOLLOWING THREE EARLIER ROUNDS OF TRADE TALKS STRETCHING

OVER FOURTEEN MONTHS TIME, A GOI TRADE DELEGATION REVISITED KARACHI AND ISLAMABAD JANUARY 11 TO 14 AND LEFT PAKISTAN WITH THE FIRST DIRECT PAK ORDER FOR INDIAN GOODS SINCE APPARENTLY 1965. BESIDES AGREEING ON THE MENTIONED PURCHASES OF PIG IRON AND BIDI LEAVES (FOR CIGARETTES), THE PARTIES AGREED TO EXCHANGE TENDERS FLOATED BY THEIR RESPECTIVE GOVERNMENTS AND PUBLIC SECTOR AGENCIES AND TO ALLOW UBLPA EXECTBRHJGENKJES IN ONE COUNTRY TO DEAL DIRECTLY WITH THEIR COUNTERPARTS IN THE OTHER. TRADE TEAMS FROM PUBLIC SECTOR AGENCIES IN BOTH COUNTRIES WILL BE ALLOWED TO VISIT EACH OTHER AS FREQUENTLY AS NECESSARY. THE SWISS EMBASSY POUCH WILL BE USED TO TRANSMIT TRADE INFORMATION.

2. PRESS ACCOUNTS ALSO MENTIONED A NUMBER OF OTHER INDIAN COMMODITIES IN WHICH BOTH SIDES EXPRESSED INTEREST IN TRADING: COAL AND COKE; AUTOMOBILE COMPONENTS INCLUDING TIRES AND TUBES; RAILWAY MATERIALS; IRON AND STEEL ITEMS; FERRO ALLOYS AND CHEMICALS.

3. OFFICERS MEHDI AND HILLALY TOLD EMBOFFS THAT THE PRINCIPAL REASON FOR THE SMALL SIZE OF PAK PURCHASE WAS THE NONCOMPETITIVENESS OF INDIAN GOODS. PAKISTAN HAD ASKED FOR TENDERS ON THE TWELVE CATEGORIES OF ITEMS IMPORTED BY THE GOP-OWNED TRADE CORP OF PAKISTAN AND HAD FOUND INDIAN PRICES MORE EXPENSIVE ON MOST ITEMS, INCLUDING COAL AND COKE AND AUTOMOBILE COMPONENTS, THAN AVAILABLE FROM OTHER SOURCES. FOR ABOVE REASONS, GOP HAD BEEN UNABLE TO IDENTIFY MANY ITEMS IN PAKISTAN'S INTEREST TO BUY. WHEN PAK SIDE INQUIRED ABOUT GOI INTEREST IN BUYING MORE PAK GOODS, THE INDIAN TEAM INDICATED THEY WERE ONLY CHARGED WITH MAKING SALES.

4. MFA OFFICIALS INDICATED THAT NO FURTHER FORMAL EXCHANGE OF TRADE DELS WAS CONTEMPLATED. INSTEAD, GOI AND GOP TRADE SECTOR AGENCIES WOULD HENCEFORTH DEAL DIRECTLY WITH ONE ANOTHER.

5. COMMENT: ALTHOUGH PRESS ACCOUNTS OF THE TRADE TALKS WERE POSITIVE IN TONE, THE SMALL PURCHASE MADE BY THE PAKS MUST HAVE COME AS A DISAPPOINTMENT TO THE GOI SIDE. MFA LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ISLAMA 00544 170842Z

OFFICIALS DISPUTED THIS, HOWEVER, SAYING THAT THE INDIAN TRADE DEL WAS AWARE OF THE PRICE PROBLEM FACED BY INDIAN GOODS. THE EMBASSY'S ASSESSMENT OF ALL THIS IS THAT THE VOLUME OF PAK/INDIAN TRADE WILL CONTINUE TO REMAIN SMALL. THE INSISTENCE OF THE GOP OF KEEPING TRADE ON A STATE AGENCY LEVEL, THEREBY EXCLUDING THE PRIVATE SECTOR AND THE FULL RANGE OF IMPORTED AND EXPORTED GOODS, POLITICAL CONSTRAINTS, AND THE ALLEGED LACK OF COMPETITIVENESS

OF SOME INDIAN ITEMS DOES NOT AUGUR FOR MUCH TRADING
INCREASE IN THE NEXT YEAR OR SO.
BYROADE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, IRON, TRADE AGREEMENTS, FIELD CROPS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ISLAMA00544
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760018-1161
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760147/aaaabpos.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ISLAMABAD 11685
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2004 by GarlanWA>; APPROVED <25 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAKISTAN TO BUY IRON AND BIDI LEAVES FROM INDIA
TAGS: ETRD, IN, PK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006